GOVERNMENT OF INDIA
DISINVESTMENT
LOK SABHA

UNSTARRED QUESTION NO:2411
ANSWERED ON:19.03.2002
DISINVESTMENT OF AIRPORT RESTAURANTS OF ITDC
SURESH RAMRAO JADHAV (PATIL)

Will the Minister of DISINVESTMENT be pleased to state:

(a) whether the Government propose to lease out/divest profit making airport restuarants of ITDC in the country;

(b) if so, the details thereof alongwith the present status and amount realized therefrom; and

(c) the estimated loss incurred by the Government as a result thereof?

Answer

MINISTER OF DISINVESTMENT AND MINISTER OF DEVELOPMENT OF NORTH EASTERN REGION (SHRI ARUN SHOURIE)

(a) In terms of the disinvestment plan in respect of the hotel properties of India Tourism Development Corporation Limited (ITDC), its hotel properties are being demerged into separate companies and divested through sale of 100% of Government`s shareholding in the new companies formed through demerger of long-term Lease-cum-Management contract. The sale/lease implies transfer of the business including contracts and permits to the buyer of the respective property.

There are four airport restaurants at Aurangabad, Kolkata, Bangalore and Delhi.All these restaurants were taken by ITDC on license from the Airports Authority of India (AAI).The disinvestment plan envisages disinvestment of those Airport Restaurants, which are attached to a particular hotel, alongwith that hotel unit. Since Airport Restaurant at New Delhi is not run by a particular unit, it is not being divested. The Airport Restaurant at Bangalore has already been given on Lease-cum-Management contract along with Hotel Ashok, Bangalore. In the 3rd tranche of disinvestment of the hotels of ITDC, advertisement inviting Expressions of Interest has been issued on 1st January 2002 for 9 properties including Hotel Airport Ashok, Kolkata and Hotel Aurangabad Ashok, Aurangabad. The Airport Restaurants attached to these two hotels would be disinvested alongwith the respective hotels.

Out of the three airport restaurants divested/to be divested, only Airport Restaurant, Bangalore reported a net profit (Rs.3.38 crore) for the year ending March 2001. The new terms of the License Agreement with AAI in respect of Airport Restaurant, Bangalore are as under:

1. The new Lessee of the hotel, who is also the new Licensee of the Restaurant, has paid Business Transfer Consideration of Rs.1,98,46,153.00 for the Airport Restaurant. In addition, the new Lessee will pay annually 18.5% of the turnover of the Restaurant.

2. Under the new terms, the new Licensee is required to pay to AAI minimum of Rs.1.10 crore in the first year as against Rs.10 lakhs according to the previous terms.

3. A part of the license fee (Rs.30 lakhs in the first year) will increase cumulatively by 10% every year.

4. In addition, the new Licensee has paid to AAI security deposit of Rs.51,60,000.00 and arrears of Rs.19,80,000.00 towards electricity and water charges, which ITDC had not been able to pay due to its financial constraints.

Thus, the Government has not incurred any loss, rather has profited, as a result of divestment of the Airport Restaurant, Bangalore.

Airport Restaurant, Aurangabad reported a net loss of Rs.1.39 lakh and Airport Restaurant, Kolkata reported a net loss of Rs.1.05 crore for the year ending March 2001.